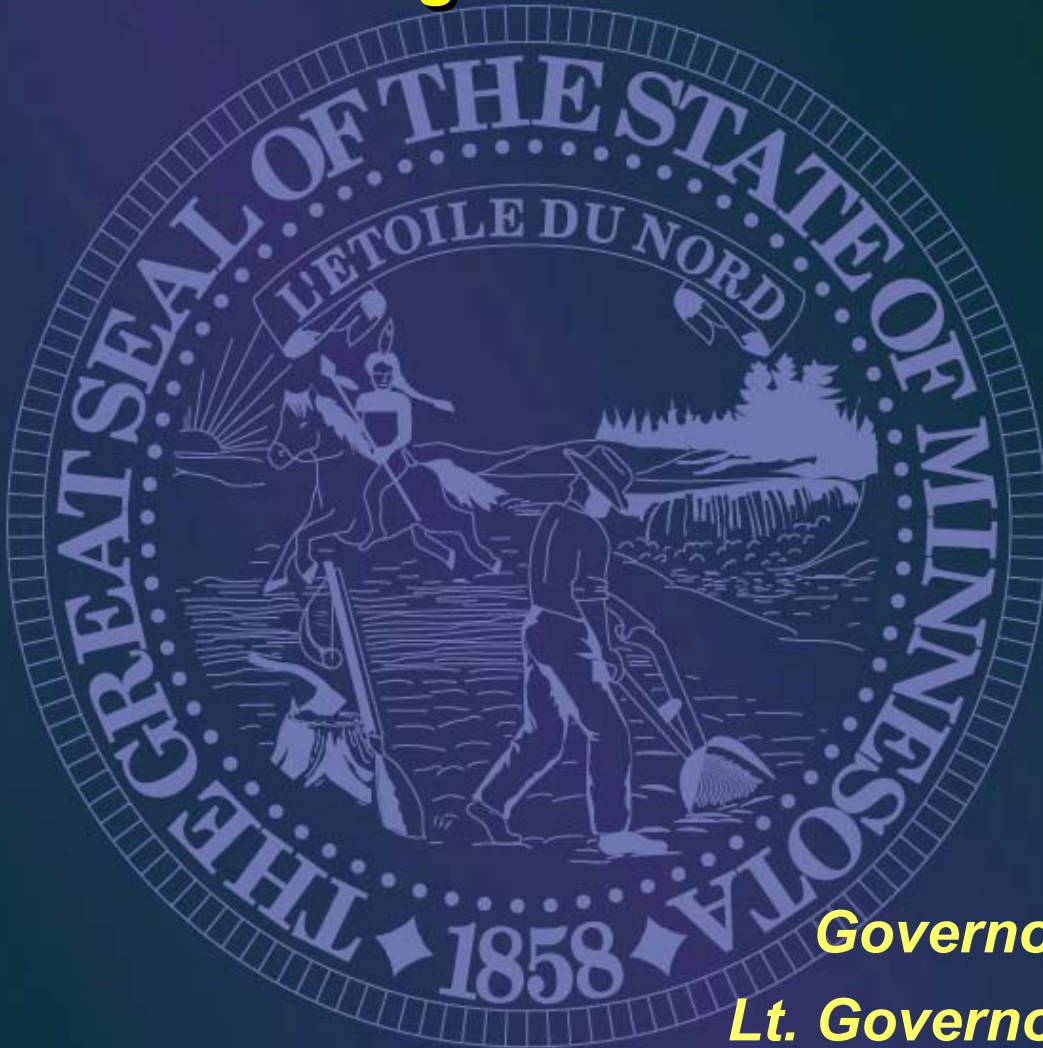


# ***STATE OF MINNESOTA***

***Paying for Performance  
Investing in the Future***



***Governor Tim Pawlenty***

***Lt. Governor Carol Molnau***



## ***Paying for Performance - Investing in the Future***

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***“Minnesota government should stop paying for good intentions and start paying for better performance.”***

***Governor Pawlenty 2007 State of the State address***



# ***Paying for Performance - Investing in the Future***

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- ***Better Government***
- ***Better Energy***
- ***Better Education***
- ***Better Health Care***



# ***Historic Budget Turnaround***

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- **State budget improved from a \$4.5 billion deficit to a \$2.2 billion surplus**
- **125,000 jobs added over the last three years**
- **Consumer Price Index projected to increase 4.2% in FY 2008-09** *(Source: November Economic Forecast)*



# ***Budget Highlights***

## ***Paying for Performance - Investing in the Future***

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**\$34.4 billion – proposed general fund spending FY 2008-09**

- Based on the November Forecast, FY 2008-09 state spending will grow \$1 billion (3.2%) before any decisions are made.
- Governor Pawlenty's plan increases state spending by \$2.9 billion (9.3%) – funded by revenue growth, not tax increases.
- Surplus is directed to highest priorities.
- Governor Pawlenty's plan maintains positive structural balance in FY 2010-11.



## ***General Fund Spending Will Increase by \$2.9 Billion, 9.3 Percent***

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<u>FY06-07</u>	<u>FY08-09</u>	<u>Increase</u>	<u>Percent</u>
\$31.504	\$34.449	\$2.944	9.3%

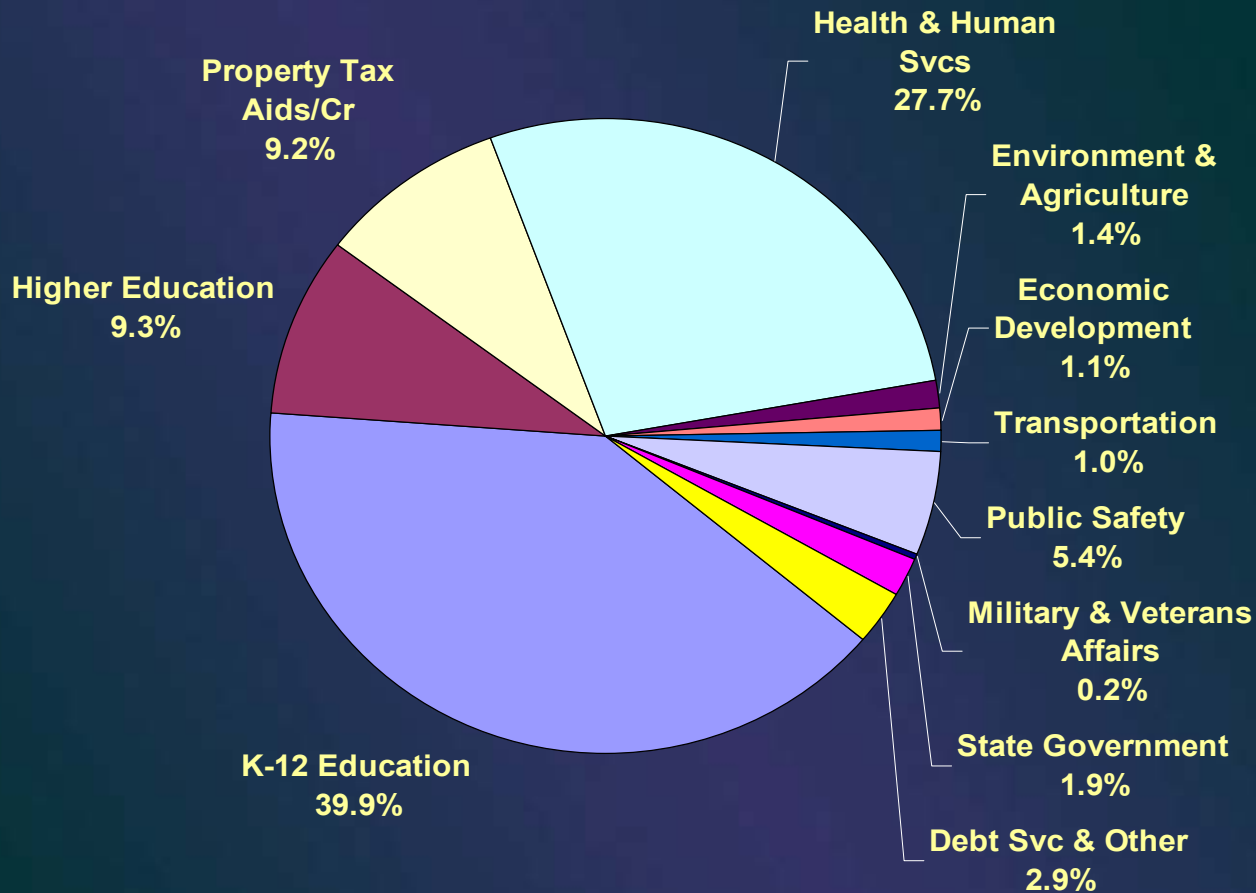
## ***Total Spending (all funds) Will Increase by \$4.3 Billion, 8.6 Percent***

<u>FY06-07</u>	<u>FY08-09</u>	<u>Increase</u>	<u>Percent</u>
\$50.715	\$55.062	\$4.347	8.6%

\* Dollars in billions

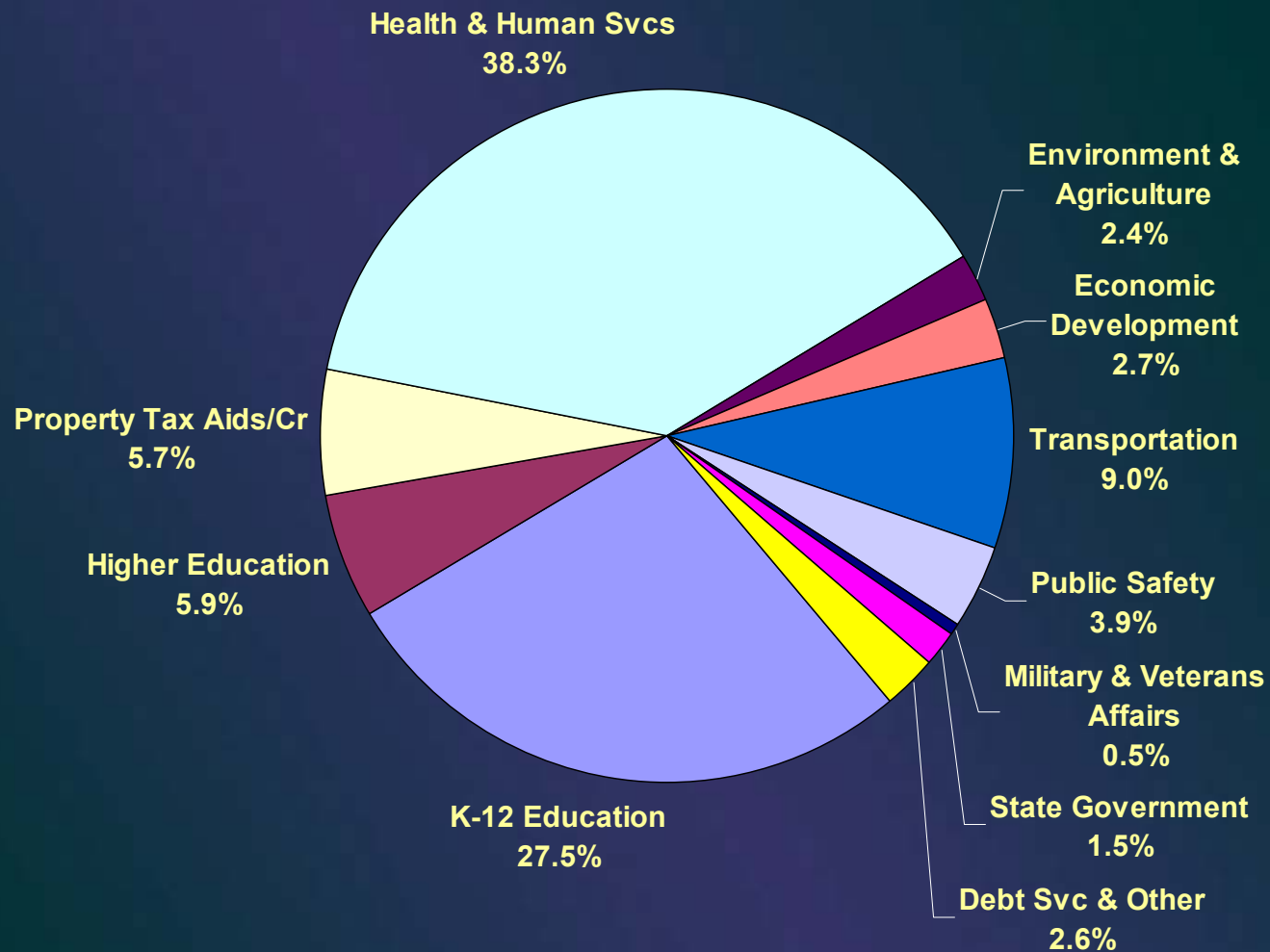


# ***\$34 Billion General Fund Budget Matches Dollars with Priorities***





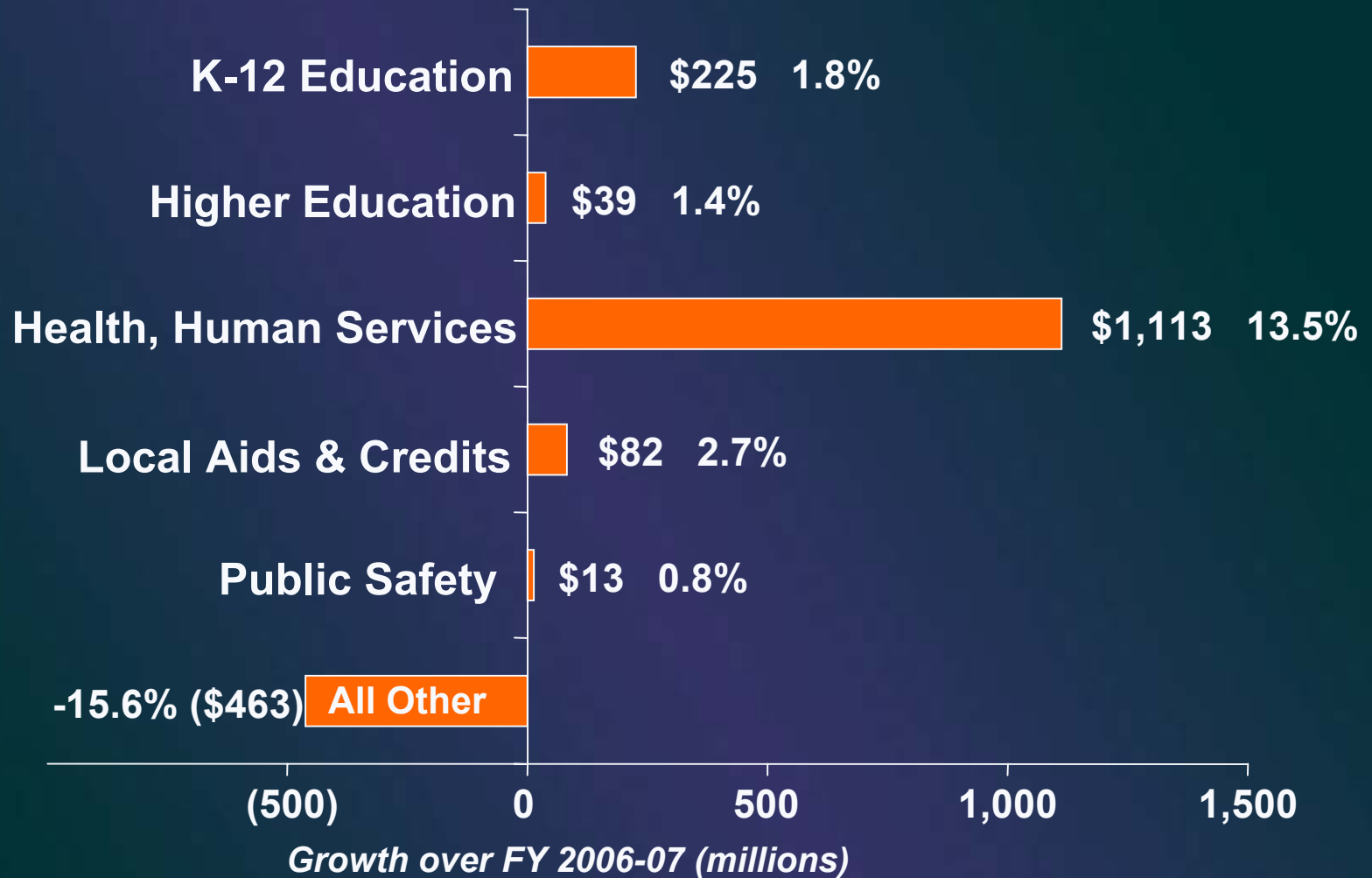
# ***Total Budget: \$55 Billion - General, Special Revenue Funds, Federal***



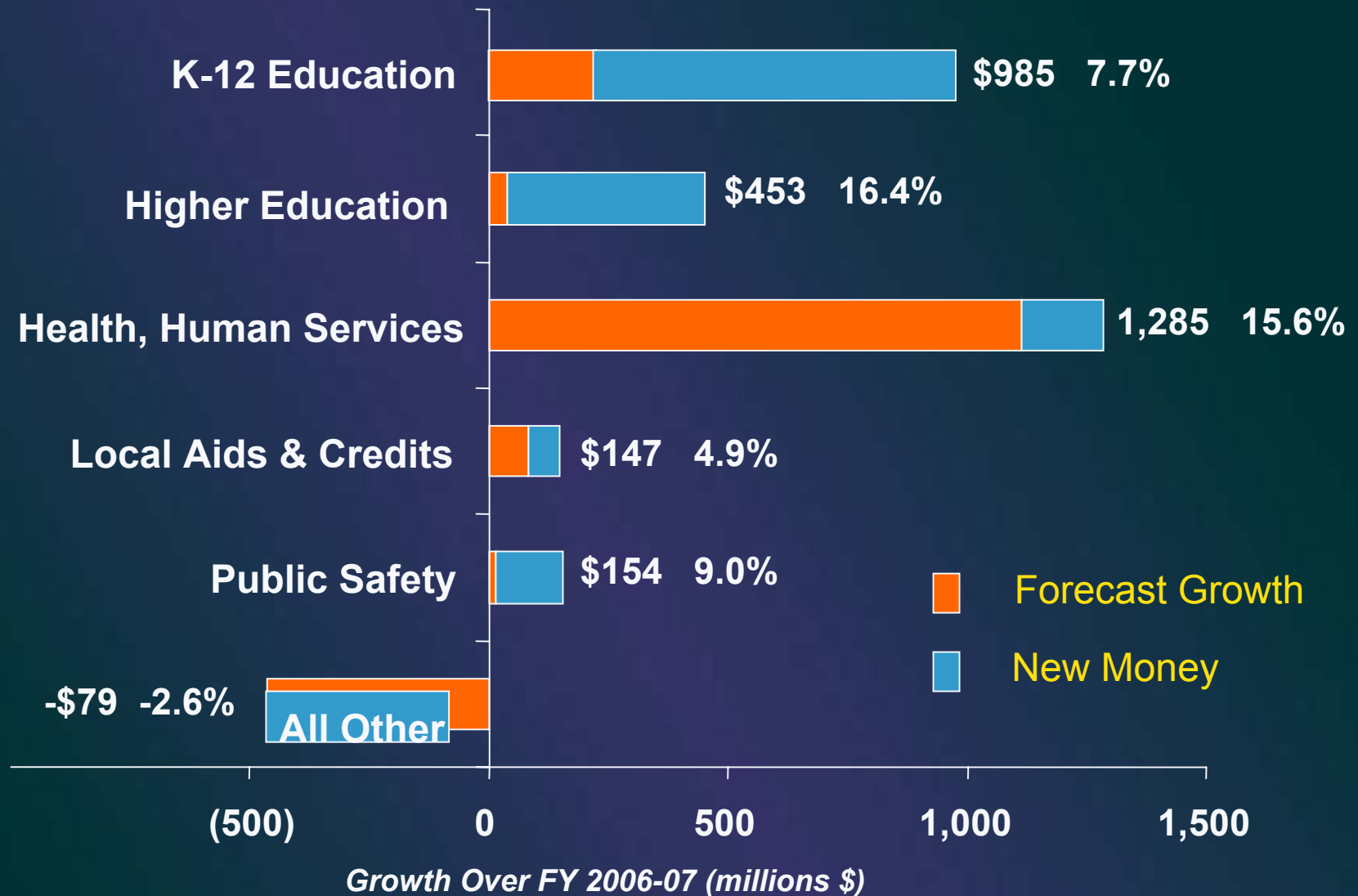




## ***Forecast Spending Grows \$1 Billion (3.2%) Before Any Decisions Are Made***



# ***Governor's Plan Increases Spending \$2.9 Billion, 9.3% Over FY 2006-07***





# ***Budget Highlights***

## ***Paying for Performance - Investing in the Future***

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### **New spending - Dollars in millions**

- K-12 Education \$714
- Higher Education 414
- Tax relief 281
- Health Care Reform 274
- Military and Veterans Support Package 75
- NextGeneration Energy 40
- Technology Investments 213
- Increase reserves to \$700M 47

and maintain structural balance



# ***Rewarding Performance***

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- **Q Comp**
- **Q Care**
- **Nursing Facility Performance Pay**
- **Successful Schools**
- **U of M / MnSCU Performance Bonus**



# ***K-12 Education - World Class Students***

## ***From Nation Leading to World Competing***

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- Minnesota 3R High Schools reform proposal - ***\$75M***
- 2% annual school district funding increase - ***\$294M***
- Successful Schools: 2% annual bonus available based on performance - ***\$150M***
- Early Childhood: targeted funding for at-risk children - ***\$29M***
- Expand and strengthen Q Comp - ***\$13M***

***Total K-12 Package: \$714 million***



# ***Higher Education***

## ***From Nation Leading to World Competing***

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- ACHIEVE II: rewarding students with post-secondary scholarships for taking challenging classes - ***\$92M***
- Incentives for higher education institutions to measure and improve performance in strategic areas - ***\$50M***
- Funding for critical teaching and research programs - ***\$71M***
- Advances in higher education infrastructure and classroom technology - ***\$67M***

***Total Higher Education Package: \$414 million***



# ***Next Generation Energy Plan***

***More renewable energy, more energy conservation, and less carbon emissions for Minnesota***

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- Creation of new biomass technology to encourage next generation of biofuels - ***\$10M***
- Grants for solar rebates, plug-in hybrid vehicles, methane digester grants - ***\$5M***
- Grants to develop 1,500 E-85 fueling stations - ***\$12M***
- Funding for competitive energy research grants - ***\$10M***
- Funding for the PCA Green Fleets and Fuels program - ***\$3M***

***Total Energy Package: \$40 million***



# ***Health Care Reform***

***Drive down costs, improve quality, increase access***

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- Reform the health care system through Healthy Connections Initiative - expand access, lower premiums, offer incentives for quality - ***\$31M***
- Improve mental health service delivery and infrastructure - ***\$45M***
- Expand Q Care to pay for outcomes - ***\$2M***
- Long-term care provider rates (with performance incentive) - ***\$92M***
- Continue to promote E-health - ***\$18M***

***Total Package GF/HCAF: \$274 million***





# ***Providing Tax Relief***

***“Minnesotans are not undertaxed.”***

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- Provide tax relief directed to individuals - ***\$227M***
  - Property tax relief - ***\$150M***
  - Income tax relief - ***\$70M***
- Cap property taxes for cities and counties that receive more than 1/3 of general fund revenues from the state.
- Provide strategic tax cuts to grow jobs and industry - ***\$61M***

***Total Tax Relief Package: \$281 million***



# ***Honoring our Military Heroes***

***“We need a surge of support for our military families and we need it now.”***

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- Exemption from state income tax for military pay and military pensions - *\$16.5M and \$41.9M when phased in fully in four years*
- Minnesota GI Bill that will provide education benefits to thousands of veterans and their dependents - *\$30M*
- Military and Veterans outreach and support - *\$20M*

***Total Package: \$75 million***



# ***Ensuring Safe and Vibrant Communities***

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- Add state troopers and aid to local public safety activities - **\$19M**
- Bonding of **\$1.7 billion** and one-time funding to advance road projects and additional dedication of revenue for roads and transit - **\$167M**
- Continuing commitment to housing, focusing on the needs for homeless families and affordable housing - **\$44M**
- Permanent Clean Water funding to improve the environment and sustain economic growth - **\$40M**
- Continue preparedness activities for pandemic flu - **\$22M**



# ***Maintain Minnesota's Healthy Economy***

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- JOBZ extension - *\$0.5M*
- Reinvestment in business development funds that help stimulate economic development - *\$9M*
- Bioscience investments for MnSCU, Higher Education and DEED - *\$42M*
- Proposal of new venture capital tax credit - *\$6M*



# ***Budget Increases for Key Priorities***

***“We need better government, better energy, better education, and better health care.”***

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- K-12 Education and Higher Education initiatives are more than one-half of total new spending
- Health and Human Services - access and services maintained and improved
- Funding for research of new energy sources and efficient fuel use
- Increasing accountability for smarter spending and better performance



## ***Other Key Issues Addressed***

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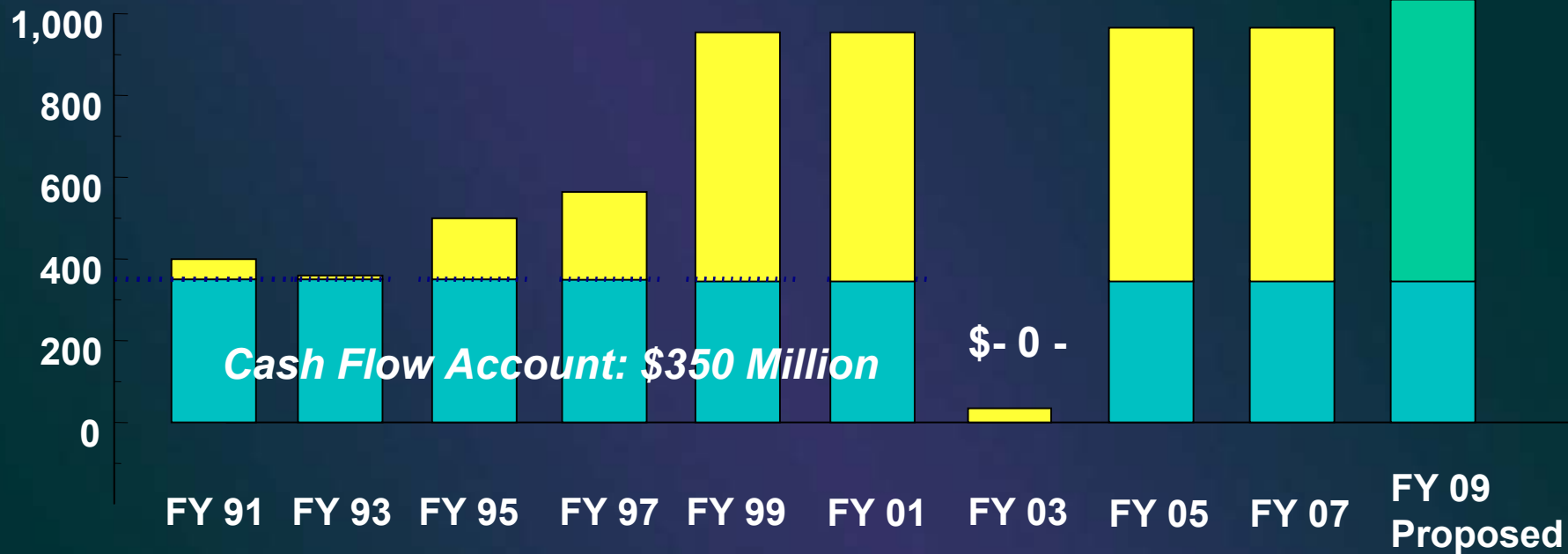
- Emergency bonding projects recommended - **\$60M**
- Technology investments advanced - **\$213M**
- Increase reserves index to 4% annual second year spending - **\$47M**
- FY 2007 deficiencies - **\$10M**



# ***Plan Increases Budget Reserve to Record \$700 Million***

**\$700M Budget Reserve  
4% of FY 2009 Spending**

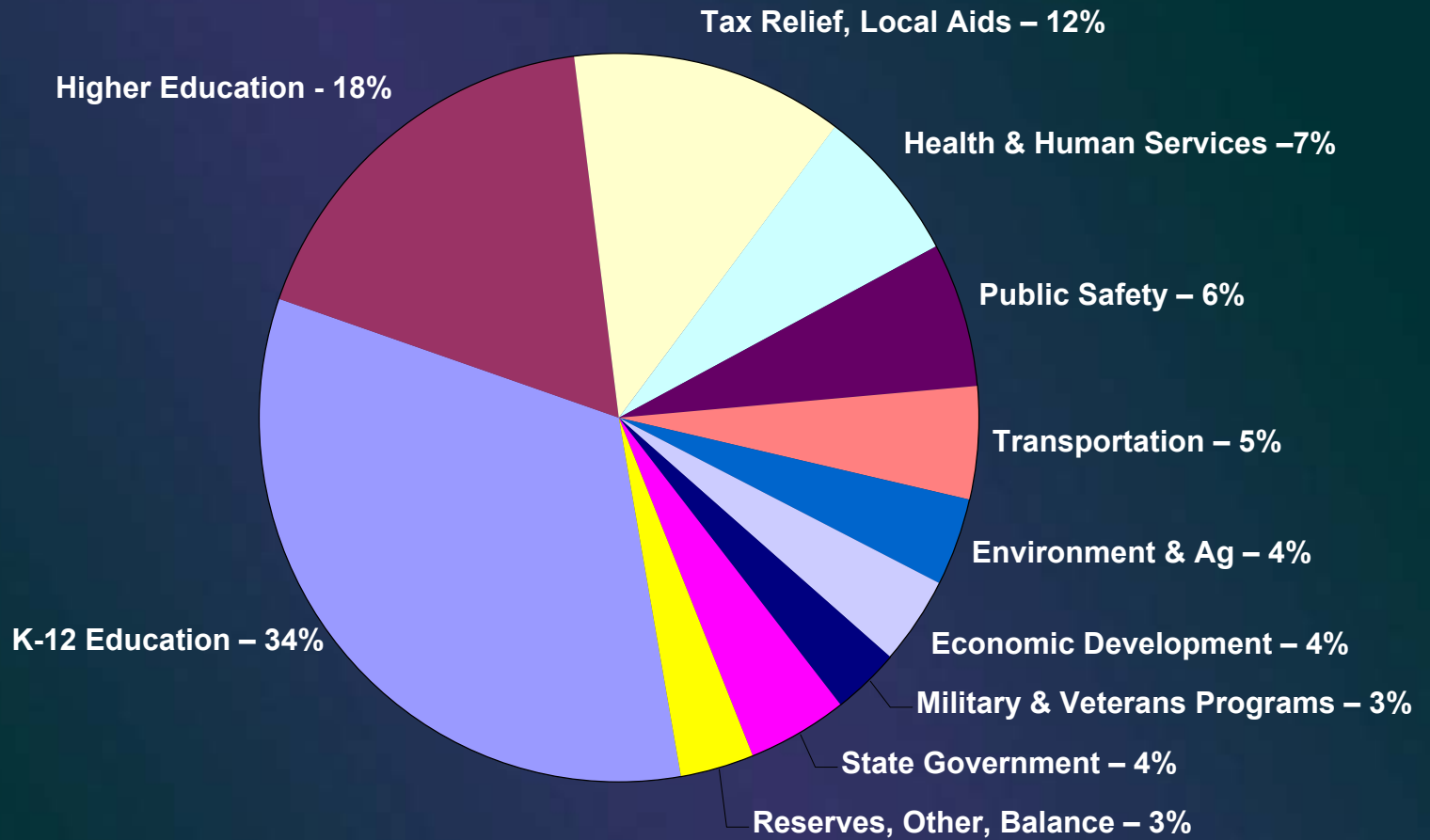
(\$ in millions)





# ***\$2.2 Billion Surplus Directed to Highest Priorities***

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# ***Governor's Plan Maintains Positive Structural Balance in FY 2010-11***

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	<u>FY 2010</u>	<u>FY 2011</u>
Forecast Revenues	\$17,939	\$19,054
<i>Governors Initiatives</i>	<i>(57)</i>	<i>(85)</i>
Forecast Spending	16,719	17,057
<i>Governor's Initiatives</i>	<u>988</u>	<u>1,008</u>
Structural Balance	\$175	\$904
<i>Estimated Inflation</i>	- 319	638
<i>at 1.8% and 1.7%</i>	-	
	-	



## ***Other Items***

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- University of Minnesota-Mayo partnership -- *\$38M*
- Pilot project to research move from gas tax to mileage tax -- *\$5 million*
- CriMNet-- *\$16M*
- IT security-- *\$17M*
- E-Licensing-- *\$15M*



## ***Other Items***

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- DECC/UMD arena-- ***\$38M***
- Statewide radio build-out
- Shared services for small agencies and grants management-- ***\$3.5M***
- 2% compensation adjustment



# Access Budget Documents at [www.finance.state.mn.us](http://www.finance.state.mn.us)

Address <http://www.budget.state.mn.us/budget/operating> Go

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- Activity: HEALTH
  - Narrative
- Activity: MINORIT
  - Narrative
  - Fiscal Report

**HEALTH DEPT** Agency Profile

**Agency Purpose**

The statutory mission of the Minnesota Department of Health (MDH) is to protect, maintain, and improve the health of all Minnesotans.

MDH is the state's lead public health agency and works with local public health agencies, federal health agencies, and other organizations to operate programs that protect and improve the health of entire communities, and programs that promote clean water, safe food, quality health care, and healthy personal choices.

Together, these programs are contributing to longer, healthier lives. As a result, Minnesota is consistently ranked one of the healthiest states in the country.

**Core Functions**

While MDH is perhaps best known for responding to disease outbreaks, the department's core functions are very diverse and far-reaching, and focus on preventing health problems in the first place.

⇒ Preventing Diseases: MDH detects and investigates disease outbreaks, controls the spread of disease, encourages immunizations, and seeks to prevent chronic and infectious diseases, including HIV/AIDS, TB, and cancer. The department's public health laboratories analyze some of the most complex and dangerous biological, chemical, and radiological substances known to science. Laboratory services not available.

**At A Glance**

The Minnesota Department of Health (MDH) is one of the top state health departments in the country.

MDH has earned an international reputation for being on the cutting edge of disease detection and control and developing new public health methods.

MDH workforce of 1,300 includes many MD's, PhD's, nurses, health educators, biologists, chemists, epidemiologists, and engineers.

MDH program resources are deployed in the Twin Cities and seven regional offices statewide, to better serve the state population.

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